GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:187
ANSWERED ON:01.08.2003
REFUND OF INVESTMENTS
KANTI SINGH;VSM (RETD.) COL. CHOUDHARY

Will the Minister of FINANCE be pleased to state:

(a) whether a large number of plantation companies floated during 1990s had collected huge amount from the investors and are not returning their invested amount ;

(b) if so, the details thereof ;

(c) whether the Government have given directions to these companies to refund the amount to investors alongwith the interest thereof;

(d) if so, whether any assessment has been made by the Government on the efficiency in refunding the money to investors; and

(e) if so, the details thereof ?

Answer

FINANCE MINISTER (SHRI JASWANT SINGH)

(a) to (e) : A statement is placed on the Table of the House.

Statement referred to in reply to the Lok Sabha Starred Question number 187 for 1st of August, 2003 regarding "Refund of Investments` raised by Shrimati Kanti Singh and Col.(Retd.) Sona Ram Choudhary.

(a) & (b): As per information available with SEBI 664 CIS(Collective Investment Scheme) entities had reportedlymobilized about Rs.3518 crore.

(c) : SEBI has already issued directions under section 11Bof the SEBI Act, 1992 to 605 CIS entities, directing them to refund the money collected under the schemes, with returns due to the investors as per the terms of the offer, within a period of one month from the date of the order.

(d) & (e) : As per information provided by SEBI 158 entities have repaid over Rs.1365 crore to their investors. Besides, 560 entities and their concerned officials have been debarred from operating in the capital market and/or from accessing the capital market for a period of 5 years. Their cases have also been referred to the respective State Governments to have civil /criminal proceedings initiated against them for apparent offences of fraud, cheating, criminal breach of trust and misappropriation of public funds. SEBI has launched criminal prosecution against 190 entities and their directors for their failure to wind up their CIS to repay their investors. In the case of 49 erring CIS entities, SEBI has requested the police authorities to file a First Information Report against the entities and/or their concerned officials.